

# MailUp Group

Sector: Marketing Technology



## Analysts

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**Fair Value (€) 5.50**

**Market Price (€) 4.54**

**Market Cap. (€m) 68.0**

## Ready to play the big game

MailUp Group is a leading cloud-based marketing technology provider offering its solutions to several thousand customers worldwide, with a consolidated expertise on small to medium-sized enterprises.

### Group turnover multiplied by 6x in 5 years

MailUp has grown a lot in recent years, in terms of both turnover and competences / activities. Total turnover moved from €9.5mn in 2014 to ca. €60mn as of 2019E (out of which ca. 44% from abroad), four successful acquisitions were finalized since 2014 IPO and new internally developed MarTech modules / tools have been added to the portfolio.

As a matter of fact, MailUp's current portfolio of businesses is very well balanced, with a couple of "grown up" units (MailUp and Agile Telecom) and three scaleup ones (Acumbamail, BEE and Datatrics).

BEE and Datatrics, indeed, are recording extremely interesting growth rates. The Silicon Valley-based company grew at 100%+ YoY in 2019FY, while Datatrics (not consolidated in 2018FY) doubled its quarterly revenues in 4Q19 vs. 1Q19. This is a clear proof of the successful growth strategy put in place so far.

### Now a change of pace to start playing the big game

BEE and Datatrics' growth potential is massive, but in order not to miss these market opportunities it is necessary to accelerate growth-led investments. That's why we expect BEE and Datatrics to perform a strategic and financial change of pace by strongly increasing R&D and Sales & Marketing expenses.

Cons of such a new strategy are mainly related to a lower than previously planned Group profitability expansion. Pros are the possibility to unlock a great value potential and to start playing in the Champions League of US-UK based MarTech competitors.

### Fair Value revised upwards to €5.50 (from previous €4.51)

Taking into account revised 2019E-21E forecasts on one side and in-depth analysis performed on BEE and Datatrics potential on the other one, we revise our "base case" fair equity value per share to €5.50 on a fully diluted basis (up from previous €4.51 p.s.).

At the same time, we underline that an increase in lifetime value of BEE and Datatrics' client base, or the utilisation of US-style valuation methodologies, would further increase the fair value of these business units, and of the whole MailUp Group as well.

KEY FINANCIALS (€m)	2018A	2019E	2020E
REVENUES FROM SALES	39.0	60.5	73.1
EBITDA	3.8	4.7	6.0
EBIT	1.9	2.4	3.3
NET PROFIT	1.3	1.6	2.3
NET PROFIT ADJ.	1.4	2.0	2.3
EQUITY	15.9	17.5	19.8
NET FINANCIAL POS.	6.4	2.9	5.5
EPS ADJ. (€) (*)	0.09	0.14	0.15

Source: MailUp Group (2018A), Value Track (2019E-20E estimates)  
(\*) Based on the outstanding number of shares

RATIOS & MULTIPLES	2018A	2019E	2020E
EBITDA MARGIN (%) (*)	9.7	7.8	8.2
EBIT MARGIN (%) (*)	4.9	4.0	4.5
NET DEBT / EBITDA (x)	nm	nm	nm
NET DEBT / EQUITY (%)	nm	nm	nm
EV/SALES (x)	0.8	1.1	0.9
EV/EBITDA (x)	7.8	13.8	10.4
EV/EBIT (x)	15.5	26.8	19.0
P/E ADJ. (x)	25.0	33.2	29.9

Source: MailUp Group (2018A), Value Track (2019E-20E estimates)  
(\*) As % of Revenues from Sales

### STOCK DATA

FAIR VALUE (€)	5.50
MARKET PRICE (€)	4.54
SHS. OUT. (m)	15.0
MARKET CAP. (€m)	68.0
FREE FLOAT (%)	34.6
AVG. -20D VOL. (#)	14,652
RIC / BBG	MAIL.MI / MAIL IM
52 WK RANGE	2.47 - 4.97

Source: Stock Market Data



## Business Description

MailUp Group is a leading cloud based digital marketing technology hub currently offering its solutions to several thousand customers worldwide, with a consolidated expertise on small to medium-sized enterprises.

In greater detail, MailUp Group is involved in the provisioning of email marketing services, delivery of mobile text messages (for both transactional and marketing purposes), email editing support, Predictive Marketing CDP and professional services to business clients.

## Key Financials

€mn	2017A	2018A	2019E	2020E
<b>Net Revenues from Sales</b>	<b>26.4</b>	<b>39.0</b>	<b>60.5</b>	<b>73.1</b>
Chg. % YoY	25.4%	47.6%	55.1%	20.8%
<b>EBITDA</b>	<b>2.9</b>	<b>3.8</b>	<b>4.7</b>	<b>6.0</b>
EBITDA Margin (% of Net Revenues)	10.9%	9.7%	7.8%	8.2%
<b>EBIT</b>	<b>1.3</b>	<b>1.9</b>	<b>2.4</b>	<b>3.3</b>
EBIT Margin (% of Net Revenues)	4.8%	4.9%	4.0%	4.5%
<b>Net Profit</b>	<b>0.6</b>	<b>1.3</b>	<b>1.6</b>	<b>2.3</b>
Chg. % YoY	nm	nm	25.3%	44.6%
<b>Adjusted Net Profit</b>	<b>0.6</b>	<b>1.4</b>	<b>2.0</b>	<b>2.3</b>
Chg. % YoY	nm	nm	46.4%	11.3%
<b>Net Cash Position</b>	<b>7.3</b>	<b>6.4</b>	<b>2.9</b>	<b>5.5</b>
Net Fin. Pos. / EBITDA (x)	nm	nm	nm	nm
Capex	-2.0	-1.2	-2.1	-2.2
<b>OpFCF b.t.</b>	<b>2.6</b>	<b>1.8</b>	<b>3.7</b>	<b>3.6</b>
OpFCF b.t. as % of EBITDA	88.7%	48.0%	78.1%	60.4%

Source: MailUp SpA (historical figures), Value Track (estimates)

## Investment case

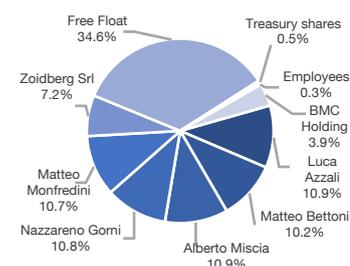
### Strengths / Opportunities

- ◆ Full range of marketing technology services (SMS, email, email editor, actionable CDP services, professional ones);
- ◆ Highly diversified customer base ranging from professional marketers to developers and to wholesalers both at a domestic and international level;
- ◆ Intense and effective R&D effort generating high-value opportunities.

### Weaknesses / Risks

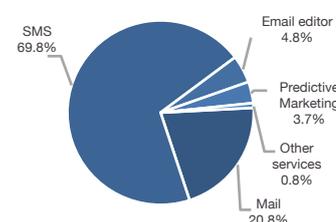
- ◆ Much smaller size if compared to Anglo-Saxon competitors;
- ◆ MarTech moves fast and MailUp Group's capability to keep up with the pace could be limited due to financial constraints.

## Shareholders Structure



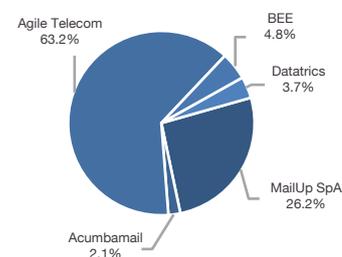
Source: MailUp SpA

## 2019E Gross Sales by business line



Source: MailUp SpA

## 2019E Gross Sales by legal entity



Source: MailUp SpA

## Stock multiples @ €5.50 Fair Value

	2020E	2021E
EV / SALES (x)	1.1	0.9
EV / EBITDA (x)	12.8	9.0
EV / EBIT (x)	23.3	14.5
EV / CAP.EMP. (x)	5.4	5.3
OpFCF Yield (%)	4.7	7.7
P / E (x)	36.2	24.3
P / BV (x)	4.2	3.6
Div. Yield. (%)	0.0	0.0

Source: Value Track

## MailUp Group: recent developments

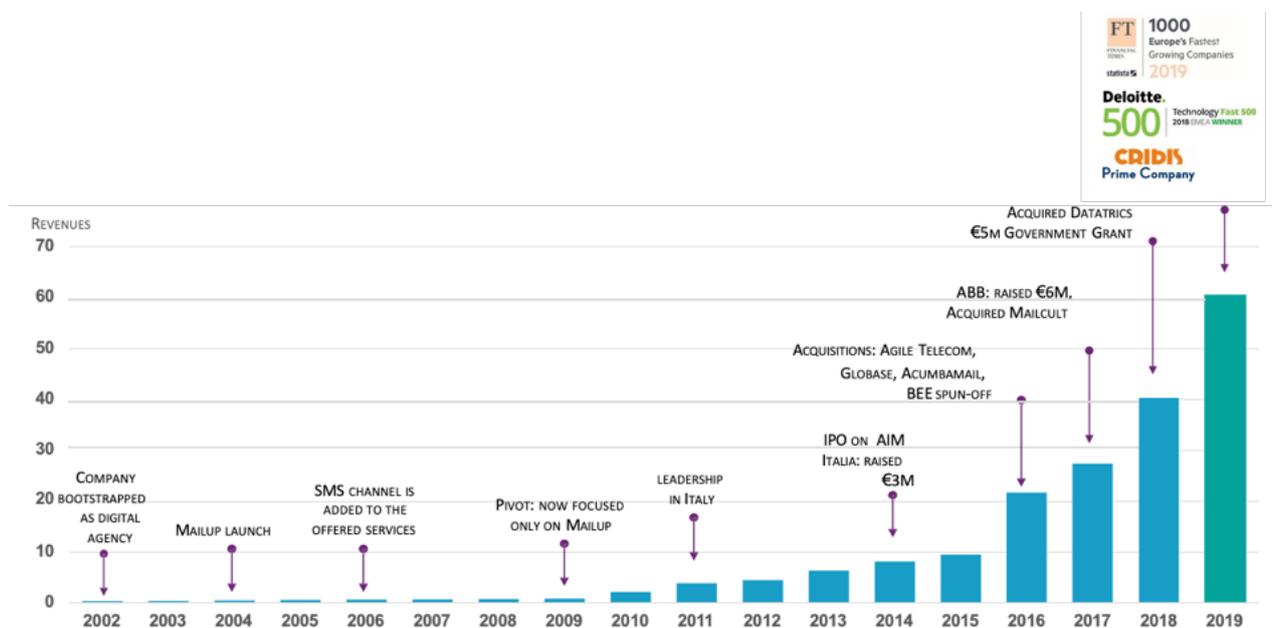
MailUp has grown a lot in recent years, in terms of both turnover and competences / activities.

A clear proof of the fast-growing profile might be observed by:

- ◆ **Topline dynamics** – total turnover moved from €9.5mn in 2014 to €40.2mn in 2018 and €60.5mn as of 2019E (gross sales) highlighting a 5yr CAGR<sub>14-19</sub> of ca. 45%;
- ◆ **M&A activity** – four successful acquisitions post IPO;
- ◆ **Organic development** – new modules / tools added to the already diversified portfolio, scaling up from mere service provider.

As a matter of fact, currently, the Group delivers its products and solution to 22,000+ B2B clients in 115+ countries and 130,000+ free users. Furthermore, it expanded its geographical footprint, with international revenues now at 44% of total vs. 10% at IPO (2014), and 240+ employees in three continents.

### MailUp Group: From startup to international scaleup (\*)



Source: MailUp Group (\*) 2019 figure refers to gross sales

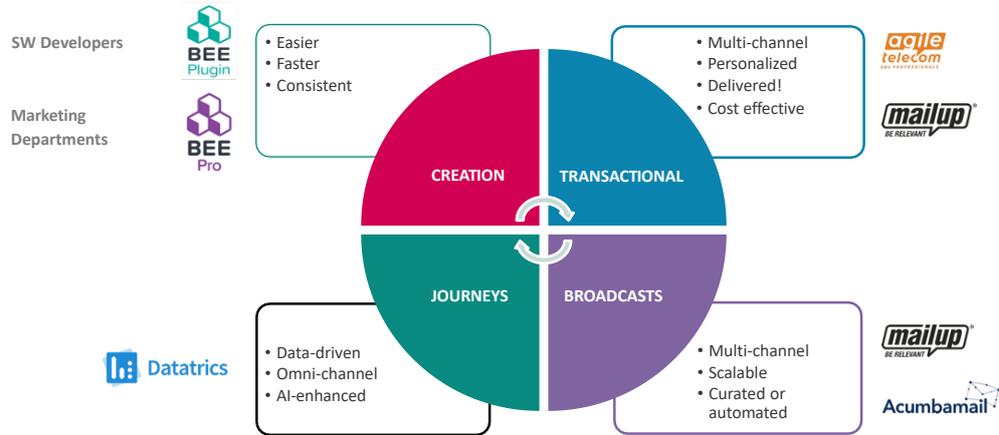
### A mix of solutions to meet all users' needs in the digital marketing space

In our opinion, the winning ingredient of MailUp's business development lies on its outstanding ability of coupling organic growth and continuous development of innovative solutions plus the scouting, acquisition and integration of companies, also from abroad.

Indeed, nowadays the Group is able to offer a state-of-the-art mix of solutions either in-house developed, MailUp and Bee, or acquired from outside, Acumbamail, Agile Telecom and Datatrics.

In addition, maintaining an unbundled offer proposition and allowing each company to sell every product included in the Group set of possible solutions, leads to the generation of material synergies across the various business units.

**MailUp Group: Definitely well equipped to serve customers' needs**



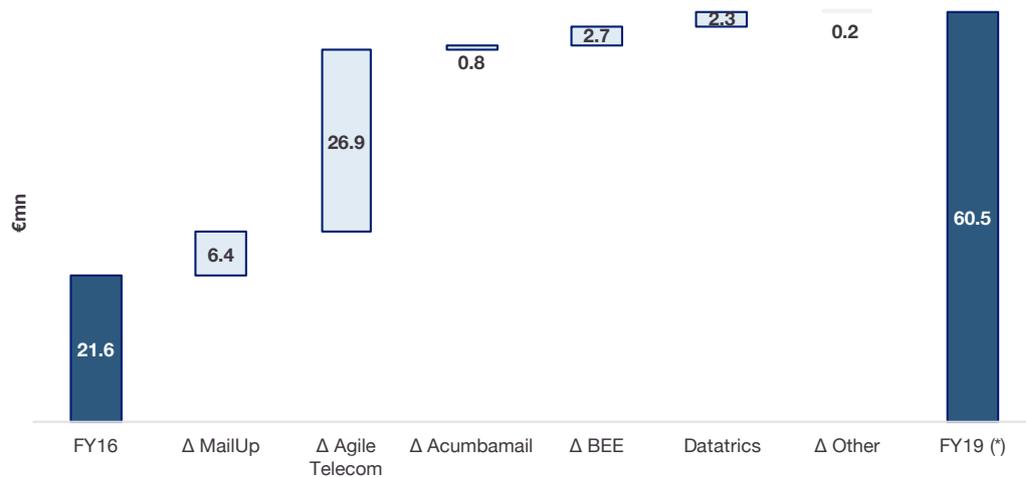
Source: MailUp Group

**2019FY: A new record year for MailUp**

The company recently released consolidated gross sales for FY19 (unaudited, based on management accounts), recording a double-digit growth across all business units, still highlighting its fast-growing profile.

The highest growth rate in percentage terms was achieved by BEE, the Silicon Valley-based company, which grew over 100% YoY, while Agile Telecom – provider of mobile messaging services – recorded the largest top line growth in absolute terms, performing extremely well (+64% YoY).

**MailUp Group: 2016A-19E Revenues bridge**



Source: MailUp Group (\*) Unaudited gross sales

### MailUp Group: Revenues by business unit

€ mn	FY 2016	FY 2017	FY 2018	FY 2019 (*)
MailUp Spa	9.4	11.3	13.1	15.8
Agile Telecom	11.3	14.8	26.3	38.2
Acumbamail	0.5	0.7	0.9	1.3
BEE	0.2	0.6	1.2	2.9
Datatrix	--	--	--	2.3
Globase (**)	1.2	1.0	0.7	--
Other (cons. Adj)	-1.0	-1.1	-2.0	--
<b>Total</b>	<b>21.6</b>	<b>26.8</b>	<b>40.2</b>	<b>60.5</b>

Source: MailUp Group, Value Track Analysis (\*) Unaudited gross sales (\*\*) Starting from April 1<sup>st</sup>, 2019 Globase is no longer represented as separate business unit

### But now it's time for Bee and Datatrix

As previously highlighted, all business units within MailUp Group have shown a strong performance in 2019, at least in terms of total turnover.

However, if Agile Telecom has been the driver of latest quarters growth (in absolute terms) we expect BEE and Datatrix to be the main value creation levers ahead.

BEE is more and more competing globally while Datatrix is gaining traction and acquiring high-spending clients at a very fast pace.

Thus, going forward we expect both companies to keep pushing on business acceleration, with the aim of improving customer acquisition and annualized revenue per user.

For this reason, in this research update we try to analyse more in depth these two business units, in terms of both reference market and competitive positioning, as well as in terms of growth strategy, 2019E-23E financial forecasts, and ultimately their valuation.

## Bee – the in-house email editor

*BEE is an innovative state-of-the-art email editing tool aimed at creating complex and appealing email messages with a professional design. It was bootstrapped / internally developed and addresses both marketers and developers.*

*BEE is maintaining a 100+% YoY revenue growth rate, with the vast majority of revenues being recurring and paid in advance by credit card. In 2020E-23E we expect topline to increase at a 44% 4yr CAGR, with EBITDA margin in the 31-33% region i.e. ca €4.2mn EBITDA as of 2023E.*

### Business description

MailUp Inc. is an American scale-up company based in Silicon Valley, organized according to the dual company model, i.e. the business team is located in the USA while the technology team is in Italy.

The scale-up focuses on the development and commercialization of the innovative email editing tool **BEE (Best Email Editor)**, a state-of-the-art tool that features a drag-&-drop interface enabling anyone to create complex and appealing email messages with a professional design that can be used to send a company newsletter, announce a new product, promote a sale or other commercial activities.

The product, originally launched as a side project back as of October 2014, comes in three versions: BEE Free, BEE Pro and BEE Plugin and is designed to address the whole spectrum of potential customers, ranging from unsophisticated to sophisticated marketers, also including developers:

- ◆ **BEE Free** can be utilized on a stand-alone basis and absolutely for free on <https://beefree.io> where users can pick a template, add their content, download the message, and use it virtually anywhere without even the necessity to sign in;
- ◆ **BEE Pro**, available at <https://beefree.io/bee-pro/>, represents an upgraded version which of course is not free and provides customers with many more available tools and templates;
- ◆ **BEE Plugin** is specifically designed to allow developers to embed BEE into any software, CRM, CMS or e-commerce system. Indeed, BEE does generally come with an email marketing platform (with MailUp 9, for instance).

### BEE: One product, three versions

<p><b>BEE Free</b> TO TRY THE EDITOR</p>  <p><b>Build an email, free &amp; fast.</b> Drag &amp; drop email creation. No signup required. Jump right in.</p> <p>LEARN MORE</p>	<p><b>BEE Pro</b> FOR FREELANCERS, TEAMS &amp; AGENCIES</p>  <p><b>Save, edit, search, organize.</b> Cut down on email production time &amp; cost. Collaborate more. Have fun.</p> <p>LEARN MORE</p>	<p><b>BEE Plugin</b> FOR WEB APPS</p>  <p><b>Embed BEE in your web app</b> Save development time &amp; cost. Give your customers an editor they'll love.</p> <p>LEARN MORE</p>
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Source: MailUp Group

## Go to market strategy

BEE has been bootstrapped / developed internally and is based on a “freemium” approach, thus allowing for easier customer acquisition and full scalability. While BEE Free is, by definition, a free product, on the contrary both BEE Pro and BEE Plugin are revenue generating products for MailUp.

As BEE Pro and BEE Plugin have different reference markets, i.e. marketers for BEE Pro and developers for BEE Plugin, they obviously have different go-to-market strategies. Only point in common is, in our view, the reliance on “word of mouth” as one of the various marketing drivers.

### BEE Pro

BEE Pro adopts a so-called “**product-led growth**” strategy where BEE Free acts as a very powerful and effective lead generation tool. Indeed, users can try the product on a stand-alone basis and absolutely for free without even the necessity to sign in or to register. It takes just a couple of “clicks” and every user is immediately in the position to generate its own edited email.

In order to use and download the most sophisticated templates, users need to sign in for a free trial of BEE Pro. Once the trial is over, users need to “convert” to fee-based plans, with monthly fees in the US\$15 – US\$45 region.

#### BEEPro pricing plan

 <b>BEE Pro</b> Freelancer	 <b>BEE Pro</b> Team	 <b>BEE Pro</b> Agency
<p style="text-align: center;"><b>From \$15</b> PER MONTH</p> <p style="text-align: center;">or <b>\$12.5</b> per month paid annually</p> <p style="text-align: center;"><a href="#">See our additional users pricing</a></p> <p>The power of BEE, plus features to save, search &amp; organize your messages.</p>	<p style="text-align: center;"><b>From \$25</b> PER MONTH</p> <p style="text-align: center;">or <b>\$20.8</b> per month paid annually</p> <p style="text-align: center;"><a href="#">See our additional users pricing</a></p> <p>Everything in Freelance, plus review &amp; approval, merge tags, special links.</p>	<p style="text-align: center;"><b>From \$45</b> PER MONTH</p> <p style="text-align: center;">or <b>\$37.5</b> per month paid annually</p> <p style="text-align: center;"><a href="#">See our additional users pricing</a></p> <p>Everything in Team, plus brands, brand settings &amp; brand permissions.</p>

Source: MailUp Group

We underline that marketing strategy is built on a very cost-effective SEO based “inbound marketing” approach. Metrics are impressive, as currently every month there are:

- ◆ some 100k unique visitors;
- ◆ converting into PRO trials at 5%, (i.e. 5k new trials / month);
- ◆ then converting into paying Pro clients at 10%, (i.e. some 500 gross adds / month out of which some 150-200 / month steadily remaining with the company from that moment onwards).

We estimate BEE Pro paying clients to be in the 5,500-6,000 region as of 2019-year end.

## BEE Plugin

BEE Plugin adopts a completely different go-to-market strategy as clients are not marketers but developers that not only need to test the quality of the BEE product, but also need to check its technical compatibility and compliance with their SaaS software / platform.

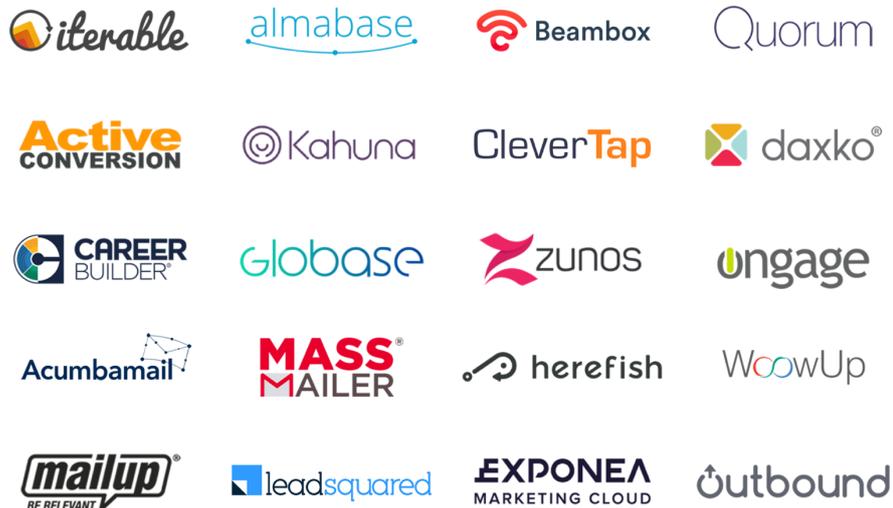
As an effect, the sales process has to be dealt with on a one-to-one basis and is, inevitably, longer (up to six months).

At the same time, once embedded it is extremely unlikely that BEE Plugin is subsequently removed from the client platform.

With this business model, **BEE has reached a customer base that includes tech companies and is made up by top-quality customers.** Indeed, we estimate BEE Plugin clients to be in the 550-600 region as of 2019 year end.

As far as pricing is concerned, it is extremely scattered depending on the partner's need and business model. On average, we estimate some US\$350 monthly recurring revenue per client (MRR) made up by a flat fee plus some kind of "usage based" revenue stream.

**BEE Plugin: Already adopted by hundreds of cutting-edge SaaS applications, including...**



Source: BEE

## Reference market

### Market size

It is difficult to assess the precise market size but we estimate it to be small as, within the content creation space, here the addressed customer need is important but doesn't require significant software customization efforts.

### Drivers

Directly or indirectly, technology remains the main market driver.

Directly, since the addressable market gets bigger and bigger as long as new features / releases progressively "democratize" the capability to produce appealing email messages with a professional design. Indirectly, since many marketing technology suites recently launched (or to be launched) embed also the email editing feature.

### Competition

The market is crowded with dozens of “mom-and-pop” players just offering a few email templates and some basic editing features. Apart from BEE, however, there are only a few well-established competitors out of which the most important ones are:

- ◆ Taxi for Email. UK based company, it is focused on the improvement of the campaign creation process, but it has no drag and drop functionality. It addresses large corporates and has a limited number of clients;
- ◆ Stensul. US-based, it has a business approach and focus similar to Taxi for email i.e. it addresses only a few large enterprises;
- ◆ Litmus. It claims to be an email creation, testing, and analytics platform suited for businesses of all sizes. SaaS based, with no free version;
- ◆ Stripo, similar to BEE as it offers both a free template builder, more than 300 ready-to-use templates, and a “premium” SaaS-based plugin version. It accounts ca. 90k users.

We note that based on internet peers’ reviews, BEE stands out as the preferred email editing tool.

#### Internet reviews of BEE vs. its competitors

	 <b>BEE</b> <a href="#">Get a Quote</a>	 <b>Stripo.email</b> <a href="#">Get a Quote</a>	 <b>Taxi for Email</b> <a href="#">Get a Quote</a>	 <b>stensul</b> <a href="#">Get a Quote</a>
<b>Ratings</b>				
<b>Meets Requirements</b>	9.4 Responses: 109	9.4 Responses: 20	Not enough data available	8.7 Responses: 10
<b>Ease of Use</b>	9.4 Responses: 109	9.4 Responses: 20	Not enough data available	9.7 Responses: 10
<b>Ease of Setup</b>	9.5 Responses: 48	Not enough data available	Not enough data available	Not enough data available
<b>Ease of Admin</b>	9.4 Responses: 46	Not enough data available	Not enough data available	Not enough data available
<b>Quality of Support</b>	8.6 Responses: 70	9.3 Responses: 19	Not enough data available	9.5 Responses: 10
<b>Ease of Doing Business With</b>	9.5 Responses: 42	Not enough data available	Not enough data available	Not enough data available
<b>Product Direction (% positive)</b>	9.0 Responses: 108	9.4 Responses: 19	Not enough data available	10.0 Responses: 9

Source: [www.g2.com](http://www.g2.com)

## BEE's competitive positioning and advantages

As of today, BEE is very likely the best email editor worldwide, or at least it is a very successful product with thousands of customers worldwide, including top-quality clients such as several large US-based tech companies.

Summarizing BEE's competitive advantages, we'd list the following ones:

- ◆ **Email rendering compatibility across a variety of email clients** (Yahoo, Gmail, Outlook, Hotmail, Thunderbird, L...), charsets and devices. It means that the same message is displayed consistently and correctly in any case;
- ◆ It features a **drag-&-drop interface** that enables anyone to create complex email messages without requiring any single line of programming code to users;
- ◆ It creates emails that adapt automatically to various devices and screens, such as those of smartphones and tablets;
- ◆ It allows for preview, test, and download (so that it can be sent with any email program) of email messages once they have been created;
- ◆ **It is free to use on beefree.io**: customers do not even need to create an account to use it. At the same time, it offers upgraded "premium" tools, which are necessary once marketing needs get more sophisticated. Indeed, the email editing tools is a quality-driven market landscape where free solutions are generally accepted at inception but are not enough to satisfy professional marketers;
- ◆ As far as BEE Plugin is concerned, it has the highest competitive barriers, as once embedded in a platform it is very unlikely that it can be removed;
- ◆ It brings the advantage of a complex solution coming from a well-structured, listed Group, which is paramount for the "peace of mind" of big developers embedding the application into their own solutions;
- ◆ **Available in a free version for Gmail since 2019**, with 200.000 users already: [https://gsuite.google.com/u/o/marketplace/app/bee\\_templates\\_for\\_gmail/1023465560860](https://gsuite.google.com/u/o/marketplace/app/bee_templates_for_gmail/1023465560860).

## Growth Strategy

BEE is becoming a standard for content creation in SaaS and continuous technology development should be the main driver for growth in the next foreseeable future. This means:

- ◆ **Adding more and more templates** in order to consolidate BEE leadership as #1 worldwide in terms of number of templates available for download;
- ◆ **Offering new content creation tools** such as the landing page editor;
- ◆ And above all, **transforming BEE into a platform** where developers can build add-on's and custom content for it. This move should make BEE even more competitive on a global scale.

Indeed, back as of October 2019 at SaaSStock 2019 in Dublin - Ireland, **BEE announced the release of its brand new "version 3"** claiming that the software was rewritten from scratch to make it:

- ◆ Faster to load, so businesses can deliver a better user experience to their customers;
- ◆ More flexible, allowing enhanced user control over UI elements, colors, and text;
- ◆ More extensible, with the introduction of the above-mentioned new developer platform.

We also expect some fine tuning of the commercial approach, with the attempt to speed up the conversion of several BEE Pro professional clients working for corporates (e.g. there are some US clients where there are more than ten individual users paying with their own accounts) into a single corporate account.

## Financials

### Revenues evolution 2018-19

Moving to financial figures, we underline the Silicon Valley-based start-up is maintaining a **100+% YoY revenue growth rate**, resulting from a sound growth in all business KPIs: (i) customers acquisition improvement, (ii) customer churn reduction, and (iii) ARPU (Average Revenue per user) increase. We note that Revenues are almost all recurring and paid in advance by credit card, and we estimate that ca. 35% of BEE revenues are generated by BEE Pro and the remaining 65% by BEE Plugin.

#### BEE: Quarterly evolution of gross revenues

	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19
Revenues (€mn)	0.240	0.335	0.392	0.468	0.496	0.690	0.835	0.906
Growth YoY (%)	131%	238%	206%	163%	107%	106%	113%	110%
Growth YoY (€K)	136	236	264	280	256	355	443	496
Growth QoQ / HoH (%)	40%	40%	17%	15%	10%	39%	21%	14%
Growth QoQ / HoH (€K)	68	95	57	60	44	194	145	113

Source: MailUp Group

### Profitability evolution 2018-19

As far as profitability is concerned, we underline that BEE has so far generated a significant contribution to group figures, even if it is not entirely exploiting its profitability potential yet. Indeed, it is the company's strategy to reinvest part of margins in order to foster future growth.

That said, we estimate a 2019E EBITDA margin in the 25% region, in line with 1H19 result.

#### BEE: Evolution of EBITDA

	1H18	2H18	1H19	2H19E
EBITDA (€mn)	0.09	0.301	0.321	0.429
Growth YoY (%)	n.a.	n.a.	224%	43%
EBITDA Margin (%)	17%	36%	27%	25%

Source: MailUp Group (historical figures), ValueTrack (estimates)

### 2020E-23E forecasts: Higher operating expenses to accelerate topline growth

Going forward we expect management to keep pushing harder and harder on business acceleration, with the aim of increasing customer acquisition and annualized revenue per user. That's why **we expect revenues to increase at a 44% 4yr CAGR, up to €12.8mn as of 2023E**, driven by:

- ◆ Customer base development, estimated to reach ca. 18,000 units by 2023-year end, growing at ca. 29% CAGR, resulting from 2,900 net adds on average per annum, of which 90% refer to BEE Pro and the remaining 10% to BEE Plugin, by nature with an extremely low churn rate.
- ◆ Steady 10% annual ARPU increase.

At the same time, such business acceleration should be generated by an increasing amount of operating expenses related to (i) sales and marketing activities, (ii) research and development activities mostly accounted in P&L.

Last but not least, we underline that MailUp Group is adopting a new internal accounting policy, with holding costs directly allocated pro-quota to single business unit.

That's why, we expect EBITDA to slightly decrease as of 2020E, and then to progressively improve across the projected period, with EBITDA Margin to stabilize in the 20-23%, thus leading to €2.9mn EBITDA as of 2023E, compared to €0.8mn as of 2019E.

### BEE: key forecasts

	2019E	2020E	2021E	2022E	2023E
Annualized revenues per user (€)	527	652	704	746	759
<b>Revenues (€K)</b>	<b>2,932</b>	<b>5,166</b>	<b>7,632</b>	<b>10,343</b>	<b>12,759</b>
Growth YoY (%)	107%	76%	48%	36%	23%
<b>EBITDA (€K)</b>	<b>750</b>	<b>500</b>	<b>1,240</b>	<b>2,053</b>	<b>2,899</b>
Growth YoY (%)	88%	-33%	148%	66%	41%
<i>EBITDA Margin (%)</i>	<i>26%</i>	<i>10%</i>	<i>16%</i>	<i>20%</i>	<i>23%</i>

Source: ValueTrack

### BEE Valuation

One way to assess BEE equity value is to start from the value of its existing users, then adding the value of new future users and ultimately removing the present value of corporate expenses.

The model applied for existing users' valuation is based on the following assumptions:

- ◆ 6,680 active users expected at the end of December'19, o/w 600 Bee Plugin e 6,008 Bee Pro;
- ◆ Lifetime assumed to be i) conservative 7yr for BEE Plugin, implying an annual churn rate of ca. 15%, albeit this software has shown an historical zero churn rate, and ii) ca. 1.5yr for BEE Pro, by nature characterized by a higher churn rate;
- ◆ Cost of equity assumed at 15.0%, on a free-debt assumption;
- ◆ Variable costs to increase at mid-single digit over the lifetime;
- ◆ Corporate Tax rate at 24%.

### BEE: Value of existing users

Product	BEE Plugin	BEE Pro
Value of each user (€)	11,743	226
Value of total existing users (€mn)	7.0	1.4

Source: Value Track Analysis

As per the value added by new users, in addition to the above-mentioned assumptions we basically assume:

- ◆ 240 and 2,700 net add on average per year for BEE Plugin and BEE Pro respectively;
- ◆ Acquisition cost expected to be in the €2,800-€3,100 region for BEE Plugin and roughly €20 for BEE Pro;
- ◆ Churn rate for new users to be equal to existing ones;
- ◆ Perpetuity growth rate (PGR) at 2%.

### BEE: Value of new users

Product	BEE Plugin	BEE Pro
Value of each new user (€)	8,643 - 8,943	206
Value of total new users (€mn)	15.4	4.5

Source: Value Track Analysis

As far as corporate expenses are concerned, we estimate them at €1.0mn as of 2019E, expected to increase by 20% YoY over FY20E-FY24E, then to increase at mid-single digit in FY25E-FY26E, thus leading to a total value “drag” from corporate costs of ca. €10.1mn.

Overall, we get to a **€18.2mn fair equity value for BEE**, i.e. ca. 3.5x EV/Sales 2020E

### BEE: Equity Value

	€mn
Value of existing users	8.4
Value of new users	19.9
<b>Value of Users</b>	<b>28.3</b>
Value drag from corporate expenses	10.1
Net Fin. Position 2019E year-end	--
<b>Fair Equity value</b>	<b>18.2</b>
Implied EV/Sales 20E (x)	3.5x

Source: Value Track Analysis

We note that such a valuation is relatively resilient to WACC and PGR sensitivity analysis (see the table below) while being quite sensitive to clients’ churn rate. Indeed, assuming some nine years of expected life for BEE Plugin clients (rather than seven years as in our base case) would lead to a total **€26.4mn fair equity value**. i.e. ca. 5.1x EV/Sales 2020E and ca. 45% higher than our base case.

### BEE: Fair Equity Value What if analysis

		Perpetuity Growth Rate				
		1.0%	1.5%	2.0%	2.5%	3.0%
WACC	10.0%	19.8	20.1	20.4	20.8	21.3
	12.5%	18.6	18.8	19.1	19.3	19.6
	15.0%	17.7	17.9	<b>18.2</b>	18.4	18.6
	17.5%	17.2	17.3	17.5	17.7	18.0
	20.0%	16.7	16.9	17.1	17.3	17.5

Source: Value Track Analysis

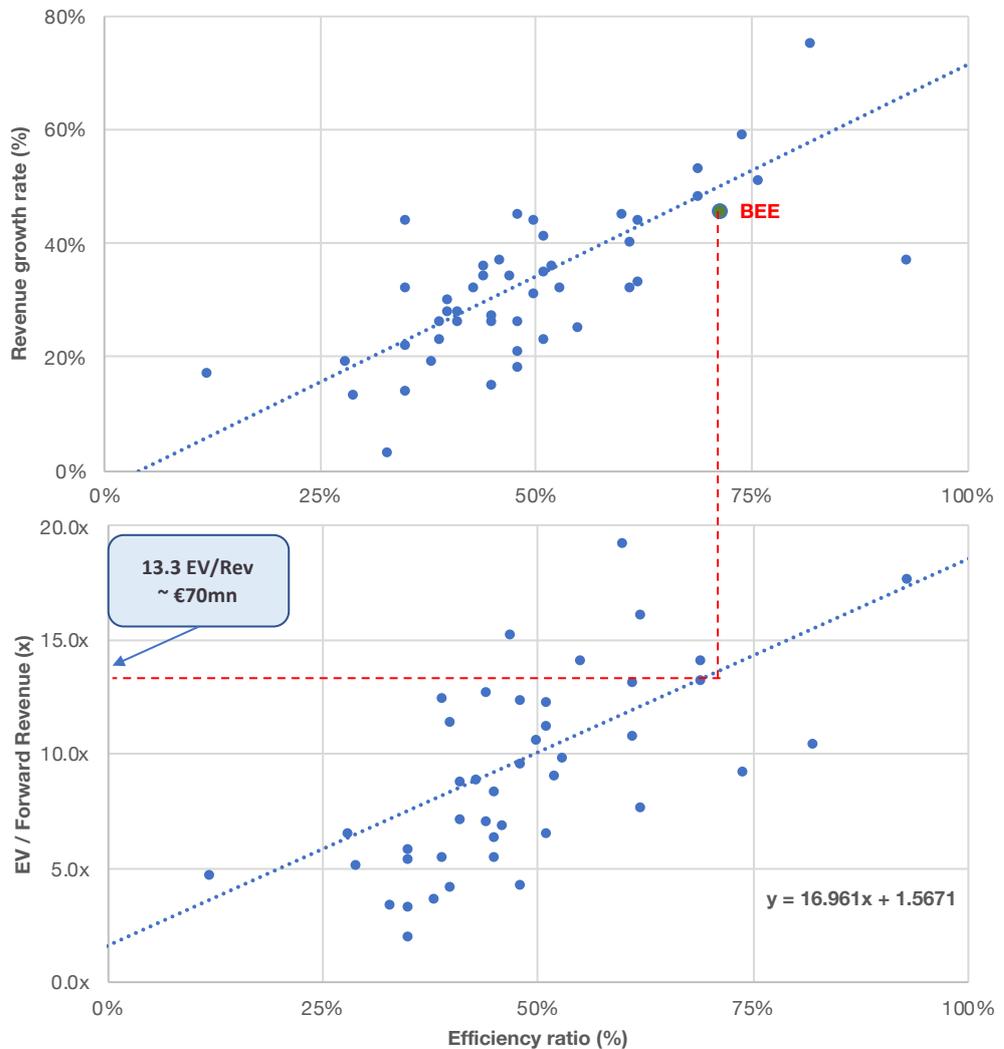
### What if BEE was listed in the USA?

MarTech sector is still characterized by an incredible number of new start-ups and a huge number of M&A deals, with larger players progressively integrating their “suites” with new functionalities developed outside. The hype of this sector is also highlighted by the evolution of the BVP Nasdaq Emerging Cloud index, designed to track the performance of emerging public companies primarily involved in providing cloud software to their customers.

The high revenue multiples shown by the index – in some cases between 20-30x forward revenues and currently at 9x based on the median value – is used particularly in the US market as a proxy for future earning streams and long term free cash flows generation. Indeed, many US investors are willing to pay high multiples for revenue growth and for potential future cash flows, since they realize the big opportunity and scalability arising from these businesses. That’s why, the efficiency ratio, given by the sum of revenue growth and gross margin, is becoming more commonly used valuation metric.

Based on such valuation methodology we’d get a fair 13.6x EV/forward revenue multiple, leading to an equity valuation on a free-debt assumption of ca. €70mn. Obviously some kind of small size adjustment would be deserved.

**BEE: Efficiency ratio (%) vs. EV/Forward Revenue multiple**



Source: Bessemer Venture Partners, Value Track Analysis

## Datatics

*Acquired by MailUp at the end of 2018 and consolidated since Jan '19, Datatics is a SaaS actionable Customer Data Platform (CDP) which developed an innovative predictive marketing platform that allows marketers to collect data from several sources optimizing the timing and targeting of messages and offers, thus increasing conversion rates and ROI. At the end of FY19, Datatics delivered its proprietary platform to ca. 400 clients, corresponding to around 9K annualized revenues per user.*

### Business description

Datatics was founded in the Netherlands in 2012, with the mission to aggregate marketing and technology contents allowing marketers to exploit the power of data and artificial intelligence. In 2017 it developed an innovative predictive marketing platform based on artificial intelligence which can be used on a plug-and-play basis to create ever more relevant and omni-channel customer experiences.

Thanks to a machine learning algorithm, this **SaaS based actionable Customer Data Platform is able to collect and combine data from different sources** – i.e. internal data (such as CRM, email, social), and external ones (such as weather, demographics, traffic information, and more) – creating 360-degree customer profiles and **allowing marketers to deliver the most relevant content to final customers**, orchestrating channels and contents, thus boosting engagement and ultimately conversion rates and returns.

The Datatics platform is designed to become smarter and smarter as long as marketers use it, since each interaction with touchpoints and every journey is analyzed and processed in real time and used to continuously train the algorithm. The more marketers work with Datatics, the more the proprietary algorithm learns about the behavior of the target audiences and how to persuade them.

**The platform hints the best next action for achieving the best results, serving the right content to the right customer at the right time.**

### The power of Datatics



#### 1. All your data in one place

Easily connect your channels into an overview of all your internal and external data.



#### 2. Build your 360-degree customer profiles

Powerful algorithms and machine learning to predict customer interest.



#### 3. Create relevant customer journeys

Datatics serves relevant and personal content along your customer's journey.

Source: Datatics

### Go to market strategy

Datatrics go to market strategy in a new geographic area relies first on strengthening partnerships with digital agencies that can help marketers to implement, set up and optimize Datatrics projects. Only at a later time a dedicated sales team is established.

Partnerships can help Datatrics in aggregating a large number of new customers to the platform thus maximizing its business scalability: indeed, on its own the platform is nowadays capable to connect ca. 50 new customers per month.

According to the level of technical assistance and collaboration perspective (marketing, business), the number of serving customers and certified people, as well as the presence of a sales agent, three types of partners are currently available, called bronze, silver and gold respectively.

#### Partnership features

	 Datatrics Certified Partner	 Datatrics Certified Partner	 Datatrics Certified Partner
	Bronze Partners	Silver Partners	Gold Partners
Customers serving	> 2	> 5	> 5
Minimum people certified	1	2	2
Product training	✓	✓	✓
Sales agent	n/a	n/a	✓
Sales training	Optional *	Optional *	✓
Brainstorm day	Optional *	Optional *	Optional *

Source: Datatrics

#### List of partners



Source: Datatrics

Datatics' pricing scheme is based on a monthly subscription allowing up to 100k monthly website sessions and costs €100/month for the CDP, or €450/month for the actionable CDP, which provides real-time decisioning to optimize personalized content delivery and distributing instructions to the requesting system to detail what actions to take. Above 100k monthly website sessions a specific quote is needed.

### Datatics pricing scheme

Monthly website sessions	
100,000	
<input checked="" type="checkbox"/>	<b>Customer Data Platform</b> € 100 <ul style="list-style-type: none"> <li>• Connect 120+ channels out of the box</li> <li>• Connect to your XML feeds</li> <li>• Import data from XML, csv and json</li> </ul>
<input checked="" type="checkbox"/>	<b>Actionable CDP</b> € 450 <ul style="list-style-type: none"> <li>• Serve relevant content across all channels</li> <li>• Dynamic advertising</li> <li>• One-click website personalization</li> <li>• Personalized email marketing</li> </ul>
<b>€ 550 /mo</b>	

Source: Datatics

As far as it regards the customer base, it is mostly concentrated in Italy and in the Netherlands –i.e. Datatics currently operates in those market – mostly mid and small companies, but also a few Tier 1 names.

**On average we estimate some €800 monthly recurring revenues per client (MRR) at the end of December '19**, slightly lower YoY mainly due to a more flexible price-list introduced on the Italian market. However, we expect ca. #400 customers at the end of FY19 (#260 June '19), as a result of ca. #190 gross adds and 6.5% on average monthly churn rate.

According to the management, churn rate is below market averages and it is driven by *i*) poor knowledge about the “proper functioning” of the platform, *ii*) high level of monthly-based contract, by nature with a higher churn rate vs. annual-based ones.

## Reference market

### Customer Data Platforms (CDP): Definition

A Customer Data Platform (CDP) is a marketing system that unifies a company's customer data from marketing and other channels to enable customer modeling and optimize the timing and targeting of messages and offers (Source: Gartner, Market Guide for Customer Data Platform, July'18).

Said in a different way, a CDP is not a substitute for the database of records (DBOR), where info about people and objects are stored, but it ensures that specific data about customer profile, transactional events and analytic attributes are available for real-time interactions. According to this view, **marketers consider CDPs as an accelerant to multichannel and data-driven marketing maturity** (Source: Gartner).

Another key feature of a CDP relies on the fact that it helps marketers in solving problems arising from messy and siloed data: around 52% of marketers consider data management, integration and formatting among the most time-consuming activities (Source: Gartner).

### Customer Data Platforms: All customers' data in a single place

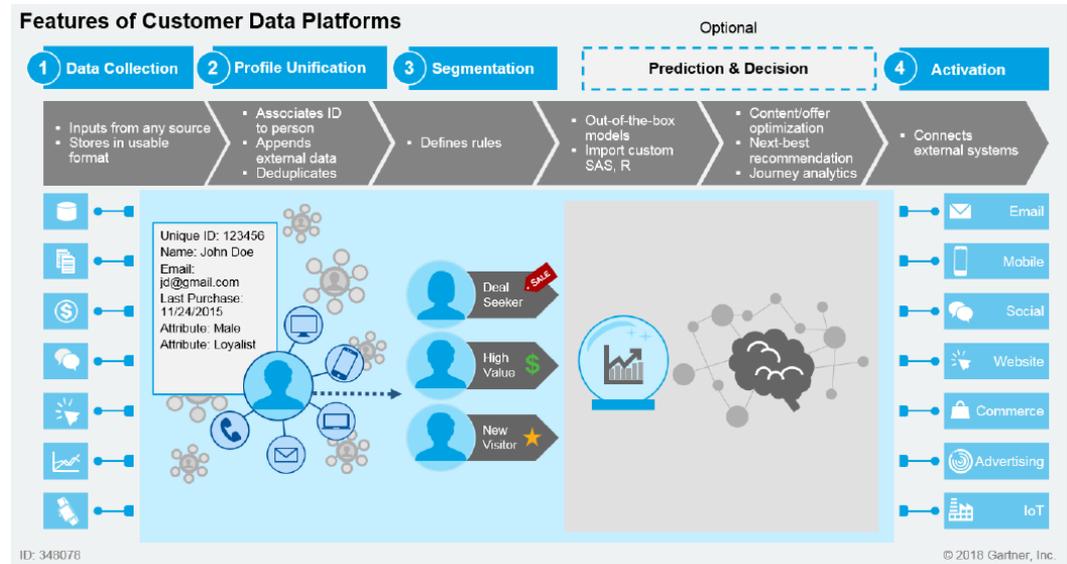


Source: Gartner

CDPs can be clustered accordingly to three types of features offered:

- ◆ **Access**, it is the minimum set of functions within the CDP space, systems gather customer data from source systems, link data identities and store the results in a persistent database available to external system;
- ◆ **Analytic**, it provides data assembly and analytical applications (customer segmentation, machine learning, predictive modelling revenue attribution, journey mapping);
- ◆ **Campaign**, it provides data assembly, analytics and customer treatments, that can be personalized messages, real time interactions, product recommendation, outbound marketing campaigns, customer journey orchestration.

### Features of a Customer Data Platform



Source: Gartner

### Market size

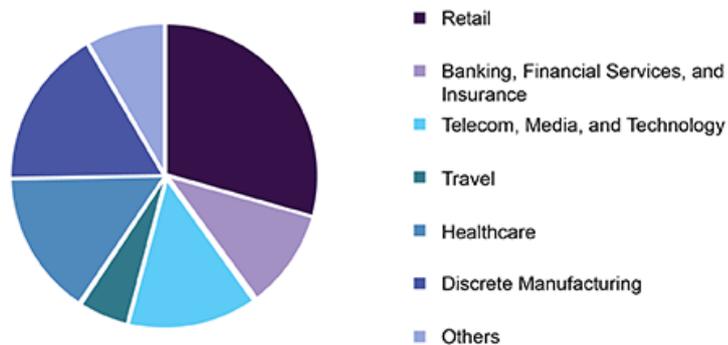
According to CDP Institute, the CDP industry faced a sharp increase across 1H19, with ca. 20 new vendors available on the market (+25% YoY), 2,300 new employees operating in the industry (+34% YoY) and cumulated revenues expected to be close to \$1bn in FY19, vs. \$0.73bn in 2018.

With regard to the geographic composition, 52% of companies are US-based, 30% placed in EMEA, and the remaining 18% in APAC. 1H19 figures have shown that EMEA and APAC experienced higher growth rates than the US market for the first time (Source: CDP Institute).

Looking at the final application, demand for CDP is highest among B2C companies, with the retail channel generated the highest revenue amount in FY18.

Last but not least, CDP industry is facing a gradual shift from data access CDP towards campaign CDPs, as shown by the number of companies added during the latest period: campaign vendors added #15 new companies in 1H19, while access and analytic segment added #2 new companies each one.

### CDPs by application (2018)



Source: Grand View Research

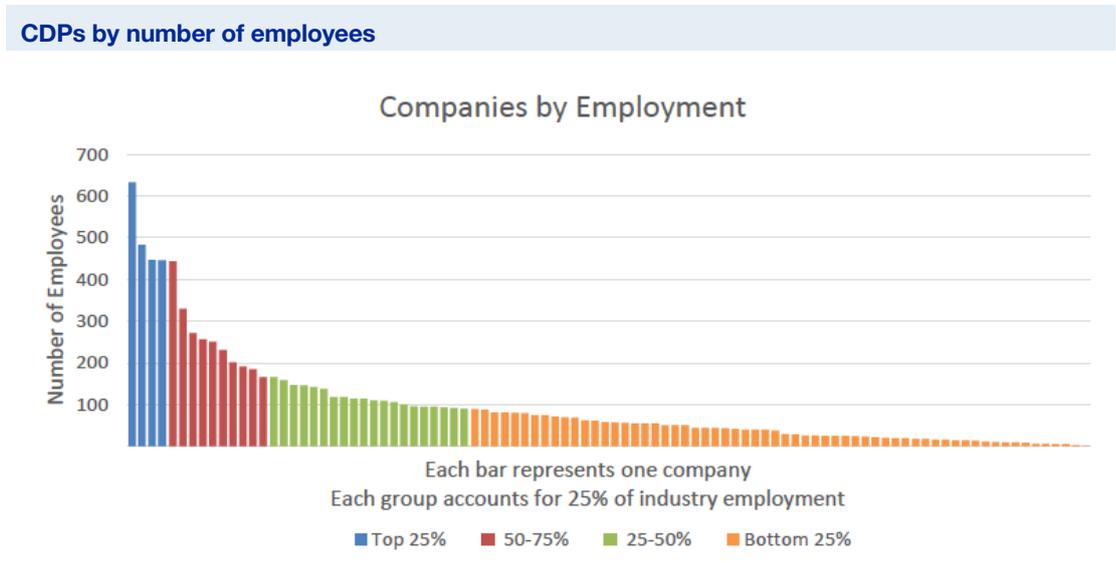
### Drivers

It is well-known that the interest in marketing data-driven technology continues to accelerate. Indeed, the global CDP market size is expected to grow at a healthy 27.5% CAGR by 2025. (Source: Grand View Research), fuelled by the increasing demand for determining consumer behaviors across several industries. Main growth drivers are:

- ◆ The **increasing adoption of account-based marketing** among organizations;
- ◆ The **increasing use of social media, e-commerce channels**, blogs, and webs by consumers, enabling enterprises to gather insights into consumer behaviours;
- ◆ The **growing use of data-driven marketing**.

### Competition

CDP market is highly fragmented, with lots of small players and a few numbers of big companies. By looking at the industry composition by number of employees, it shows a typical “long tail” distribution, with top four vendors accounting for more than 25% of total market, while two out of three firms (62 in absolute value) are in the last quartile of the distribution. (Source: CDP Institute)



Source: CDP Institute, July '19

In our opinion, the largest and most important players in the industry are:

- ◆ **BlueConic**, headquartered in Boston, with offices in Europe, it is the world’s leading CDP, currently serving 300+ brands, it unifies first-party customer data into persistent, person-level profiles, and then activate it across the whole marketing ecosystem;
- ◆ **Manthan**, an Indian based company who designs analytics application powered by AI, making most advanced and sophisticated analytics products intuitive for the user through the combination of machine-driven automated insights and automated business recommendation;
- ◆ **Segment** is an American customer data infrastructure company based in San Francisco which collects, clean and control customer data, as well as providing data integration, governance and audience management services. The company raised \$175mn in April '19, based on enterprise value of \$1.5bn:

## Datatics competitive positioning and advantages

In our view, the following are the main competitive advantages of Datatics:

- ◆ **Sales process is quite short**, i.e. around 14days (40days in March '19), well below main competitors' average figure (from six to twelve months), since Datatics' CDP may be quickly integrated in other platforms, without removing the preexisting marketing stack;
- ◆ Datatics' predictive marketing platform has been developed with the aim of providing marketers with a **powerful and user-friendly platform suitable for several applications**. That's why based on a plug & play system, it is not only easy to use but also easy to set up, it does not require any physical device configuration or hard implementations;
- ◆ Datatics developed over 120 connectors to existing technological tools which may be in use by marketing departments, thus allowing for a quick integration with **no need of complex IT setups**, which makes the solution easily accessible and promptly effective;
- ◆ The AI component which enhances engagement and orchestration is able to increase ROI, improving conversion and lifetime values.

### Datatics: Optimizing clients' conversion rates in less than one year



Source: Datatics

## Growth Strategy

In our opinion, Datatics' long-term goal would be focused on the steady development of its proprietary platform and related services already put in place, in order to strength its market positioning. The company aims at improving all its KPIs (customer acquisition and churn rates, lifetime value, ARPU) which are crucial in this business based on recurring payments as result of renewal subscriptions. To this end, Datatics future strategy should be addressed at:

- ◆ **Increasing market shares**, in those markets where the company already operates (Italy and the Netherlands), by establishing new partnerships with digital agencies, thus bolstering market presence and becoming the "standard" CDP in those countries;
- ◆ **Entering new geographies**, acquiring new clients not only in Germany and in the Nordics (we expect from 2Q20), but also in France, US and Latam (we expect in FY21);
- ◆ **Strengthening intra-group synergy**, trying to exploit up-selling synergies on the MailUp customer base;
- ◆ **Introducing new market segments**, currently Datatics is focused on two main sectors (i.e. Travel & Leisure, and Retail & E-commerce), and it may expand its supply chain towards new

solutions (i.e. aggregating new segments to the platform) to meet more customer needs and preferences in the data-driven marketing technology field.

## Financials

### Revenues evolution in FY19

At the time of MailUp acquisition (December 2018), Datatrics boasted ca. 100 European clients, including Tier 1 names such as KLM, Siemens, PostNL, Mitsubishi, British Petroleum.

At the end of FY19, just one year from the closing announcement, **the customers base has more than tripled** according to our estimates – ca. 400 clients of which ca. 70 Italian based as result of the upselling activities exploited by MailUp Spa and indirectly through several web agencies – **showing a total Annual Recurring Revenue per user in excess of €9k**.

Even if a YoY comparison is not possible (i.e. it was consolidated as of January '19), **Datatrics' gross revenues are likely more than doubled YoY**. Further, by looking at the QoQ growth, Datatrics has kept growing at double-digit pace, showing its fast-growing profile and scalability.

#### Datatrics: Quarterly evolution of gross revenues

	1Q19	2Q19	3Q19	4Q19
Revenues (€mn)	0.370	0.476	0.642	0.780
Growth YoY (%)	n.a.	n.a.	n.a.	n.a.
Growth YoY (€K)	n.a.	n.a.	n.a.	n.a.
Growth QoQ (%)	n.a.	29%	35%	21%
Growth QoQ (€K)	n.a.	106	166	138

Source: MailUp Group

### Profitability evolution in FY19

Being a start-up, Datatrics is still reporting operating losses, since the company is planning to reinvest in order to further foster medium-term growth. We expect a slight improvement HoH in the second half of FY19, as a result of the steady and fast underlying business development.

#### Datatrics: Evolution of EBITDA

	1H18	2H18	1H19	2H19E
EBITDA (€mn)	n.a.	n.a.	-0.279	-0.101

Source: MailUp Group (historical figures), ValueTrack (estimates)

### 2020E-23E forecasts

We expect Datatrics customer base to increase from ca. 400 as of the end of December '19 up to ca. 2,300 units by 2023, as an effect of:

- ◆ Ca. 700 gross adds per annum, of which 50% on a like-for-like basis (Netherlands and Italy), and the remaining coming from new markets (Germany, France, Nordics and US);
- ◆ An average 24% annual churn rate, sharply improving over the years, with lifetime value to almost double during the forecasted period;

In addition, we expect annualized revenue per user to be flat around €8,400, or €700 on a monthly base over the forecasted period and **total revenues to reach €17mn as of 2023E**.

However, we expect Datatrics to keep on investing heavily in sales and marketing, R&D and G&A activities – i.e. Opex expected to almost double YoY – to achieve above-mentioned KPIs and continuously improve its proprietary platform.

For this reason, EBITDA should be still negative in FY20E, and it is expected to achieve break-even point in FY21E, then progressively expand up to 11% margin at the end of forecasted period thus achieving ca. €2mn EBITDA figure in absolute terms.

#### Datatrics: key forecasts

	2019E	2020E	2021E	2022E	2023E
Annualized revenues per user (€)	8,919	8,338	8,309	8,400	8,400
<b>Revenues (€K)</b>	<b>2,268</b>	<b>4,595</b>	<b>7,798</b>	<b>12,190</b>	<b>17,020</b>
Growth YoY (%)	n.a.	103%	70%	56%	40%
<b>EBITDA (€K)</b>	<b>-380</b>	<b>-600</b>	<b>300</b>	<b>959</b>	<b>1,925</b>
Growth YoY (%)	n.m.	58%	-150%	220%	101%
<i>EBITDA Margin (%)</i>	<i>n.m.</i>	<i>n.m.</i>	4%	8%	11%

Source: ValueTrack

#### Datatrics Valuation

As already seen for BEE valuation, we are going to assess Datatrics equity value starting from the value of its existing users, then adding the value of new future users and ultimately removing the present value of corporate expenses.

The model applied for existing users' valuation is based on the following assumptions:

- ◆ 389 active users expected at the end of December'19;
- ◆ Lifetime assumed to be roughly 4yr, implying an annual churn rate of ca. 25%;
- ◆ Cost of equity assumed at 20.0%, on a free-debt assumption;
- ◆ Variable costs to increase at mid-single digit over the lifetime;
- ◆ Corporate Tax rate at 24%.

#### Datatrics: Value of existing users

Product	Datatrics
Value of each user (€)	11,327
Value of total existing users (€mn)	4.4

Source: Value Track Analysis

As it regards the value added by new users, in addition to the above-mentioned assumptions we basically assume:

- ◆ 480 net add on average per year over the expected lifetime period, simply assumed to be equal to existing users, i.e. 4 years;
- ◆ Acquisition cost expected to be on average ca. €4,000 over the reference period;
- ◆ Perpetuity growth rate (PGR) at 2%.

### Datatics: Value of new users

Product	Datatics
Value of each new user (€)	7,121 – 7,446
Value of total new users (€mn)	20.4

Source: Value Track Analysis

As far as corporate expenses are concerned, we estimate them at €1.0mn as of 2019E, expected to increase by 25% YoY over FY20E-FY24E, thus leading to a total value “drag” from corporate costs of ca. €8.4mn.

Overall, we get to a **€16.3mn fair equity value for Datatics**, i.e. ca. 3.6x EV/Sales 2020E

### Datatics: Equity Value

	€mn
Value of existing users	4.4
Value of new users	20.4
<b>Value of Users</b>	<b>24.8</b>
Value drag from corporate expenses	8.4
Net Fin. Position 2019E year-end	--
<b>Fair Equity value</b>	<b>16.3</b>
Implied EV/Sales 20E (x)	3.6x

Source: Value Track Analysis

In addition, running a sensitivity analysis to WACC and PGR, we found that our valuation is relatively resilient to WACC and PGR sensitivity analysis (see the table below), but extremely sensitive to clients' expected time life (i.e. churn rate).

Indeed, all things being equal and assuming a five years life for Datatics' users instead of four years as in our base case, **we obtained a fair equity value of €21.0mn**. i.e. ca. 4.6x EV/Sales 2020E and ca. 29% higher than our base case.

### BEE: Fair Equity Value What if analysis

		Perpetuity Growth Rate				
		1.0%	1.5%	2.0%	2.5%	3.0%
WACC	15.0%	20.3	20.7	21.2	21.7	22.2
	17.5%	17.8	18.1	18.4	18.7	19.0
	20.0%	15.9	16.1	<b>16.3</b>	16.6	16.8
	22.5%	14.5	14.7	14.8	15.0	15.1
	25.0%	13.4	13.5	13.6	13.7	13.9

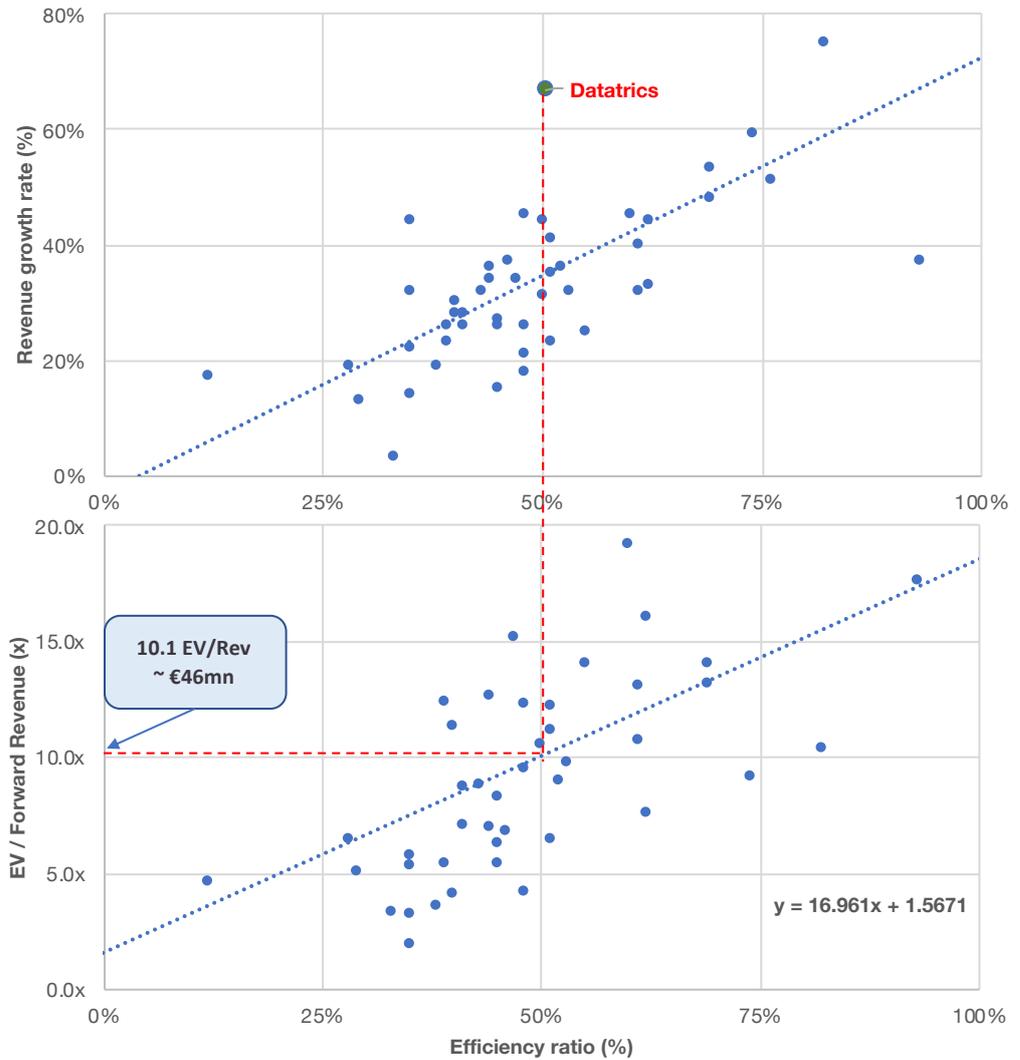
Source: Value Track Analysis

### What if Datatrics was listed in the USA?

As already discussed for BEE, the “efficiency ratio” valuation methodology (see the BVP Nasdaq Emerging Cloud index) is becoming the most applied one in the listed US cloud space.

Calculating for Datatrics a 50% efficiency ratio, we’d get a fair 10.1x EV/forward revenue multiple, which would match an equity valuation on a free-debt assumption of ca. €46mn for Datatrics. Again, we highlight how a discount factor should be included to account for Datatrics relatively small size.

**BEE: Efficiency ratio (%) vs. EV/Forward Revenue multiple**



Source: Bessemer Venture Partners, Value Track Analysis

## Updating 2019E-21E Group estimates

In the light of the considerations outlined above, we are updating our 2019E-'20E estimates and extending our forecast period to 2021E. The table below summarizes the key changes in our forecasts, basically driven by the following elements:

- ◆ **Revenues** – we have slightly decreased our forecasts, -0.6% in 2019E in line with unaudited preliminary figures released by the Group, and -0.3% in 2020E incorporating a different revenue mix, with higher growth rates for Bee and Datatrics and a slight lower one for Agile Telecom. Indeed, we now expect BEE and Datatrics to steady increase their contribution to consolidated figure over 2020E-21E, while Agile Telecom to keep growing at double-digit, but slowing down compared to 2019E;
- ◆ **EBITDA** – we revised downwards our EBITDA estimate for 2020E (-13.8%), since Bee and Datatrics are planning to speed up growth led investments in order to keep pushing on business acceleration and further foster medium term growth. In other words, their combined contribution to consolidated figure is expected to move from €0.37mn as of 2019E to -€0.1mn in 2020E;
- ◆ **Net Profit** – the bottom line is expected to benefit from a slightly lower tax rate, i.e. 34% over 2019E-20E, below our previous 38% assumption;
- ◆ **Net Financial Position** – we expect Net Cash to come in a bit higher than previously expected, due to favourable working capital dynamics.

### MailUp Group: New vs. Old estimates

€mn	2019E			2020E		
	Old	New	Chg. (%)	Old	New	Chg. (%)
Net Revenues	60.9	60.5	-0.6%	73.4	73.1	-0.3%
<b>EBITDA</b>	<b>4.8</b>	<b>4.7</b>	<b>-2.2%</b>	<b>7.0</b>	<b>6.0</b>	<b>-13.8%</b>
EBITDA margin (%)	8.0%	7.8%		9.5%	8.2%	
<b>EBIT</b>	<b>2.5</b>	<b>2.4</b>	<b>-4.1%</b>	<b>4.3</b>	<b>3.3</b>	<b>-22.6%</b>
EBIT margin (%)	4.2%	4.0%		5.8%	4.5%	
Net Profit Reported	1.5	1.6	+2.0%	2.7	2.3	-16.8%
<b>Net Profit Adj.</b>	<b>1.9</b>	<b>1.9</b>	<b>-1.5%</b>	<b>2.7</b>	<b>2.3</b>	<b>-16.8%</b>
OpFCF a.t.	1.9	2.9	+51.2%	2.9	2.4	-16.6%
<b>Net Cash Position post IFRS16</b>	<b>1.9</b>	<b>2.9</b>	<b>n.m.</b>	<b>5.0</b>	<b>5.5</b>	<b>n.m.</b>

Source: Value Track Analysis

### MailUp Group: 2019E-20E Revenue and EBITDA forecasts

€mn	Revenues			EBITDA		
	2019E	2020E	YoY (%)	2019E	2020E	YoY (%)
MailUp	15.8	17.7	+11.5%	1.7	2.1	27.8%
Agile Telecom	38.2	44.0	+15.1%	2.5 (*)	3.6	47.7%
Acumbamail	1.3	1.7	+31.9%	0.2	0.3	40.2%
BEE	2.9	5.2	+76.2%	0.8	0.5	-33.3%
Datatrics	2.3	4.6	+102.6%	-0.4	-0.6	n.m.
<b>Total Group</b>	<b>60.5</b>	<b>73.1</b>	<b>+20.8%</b>	<b>4.7</b>	<b>6.0</b>	<b>26.7%</b>

Source: Value Track Analysis (\*) It includes TLC supplier one-off charge (€0.67mn)

### MailUp: P&L figures 2018A-21E

€mn (*)	2018A	2019E	2020E	2021E
<b>Group Revenues from sales</b>	<b>39.0</b>	<b>60.5</b>	<b>73.1</b>	<b>83.9</b>
Cost of sales (net of Other revenues)	-25.7	-42.7	-50.3	-56.9
Labour costs	-9.5	-13.0	-16.8	-18.9
<b>EBITDA</b>	<b>3.8</b>	<b>4.7</b>	<b>6.0</b>	<b>8.1</b>
EBITDA margin (%)	9.7%	7.8%	8.2%	9.7%
Depreciation & Amortization	-1.9	-2.3	-2.7	-3.1
<b>EBIT</b>	<b>1.9</b>	<b>2.4</b>	<b>3.3</b>	<b>5.0</b>
Net Fin. Income (charges)	0.0	-0.1	0.2	0.1
<b>Pre-tax Profit</b>	<b>1.9</b>	<b>2.4</b>	<b>3.4</b>	<b>5.1</b>
Tax	-0.7	-0.8	-1.2	-1.7
<b>Reported Net Profit</b>	<b>1.3</b>	<b>1.6</b>	<b>2.3</b>	<b>3.4</b>
<b>Adjusted Net Profit</b>	<b>1.4</b>	<b>2.0</b>	<b>2.3</b>	<b>3.4</b>

Source: MailUp (historical figures), Value Track (forecasts)

### MailUp: Balance Sheet figures 2018A-21E

€mn	2018A	2019E	2020E	2021E
Net Working Capital	-10.7	-11.6	-11.3	-11.0
Net Fixed Assets	22.0	28.2	27.7	27.0
Provisions	1.8	1.9	2.1	2.2
<b>Total Capital Employed</b>	<b>9.6</b>	<b>14.6</b>	<b>14.3</b>	<b>13.8</b>
<b>Group Net Equity</b>	<b>15.9</b>	<b>17.5</b>	<b>19.8</b>	<b>23.2</b>
<b>Net Fin. Position [i.e. Net Debt (-) Cash (+)]</b>	<b>6.4</b>	<b>2.9</b>	<b>5.5</b>	<b>9.4</b>

Source: MailUp (historical figures), Value Track (forecasts)

### MailUp: Cash Flow figures 2018A-21E

€mn	2018A	2019E	2020E	2021E
<b>EBITDA</b>	<b>3.8</b>	<b>4.7</b>	<b>6.0</b>	<b>8.1</b>
Working Capital Change	-1.2	0.9	-0.3	-0.3
Capex	-1.2	-2.1	-2.2	-2.4
Change in Provisions	0.4	0.1	0.2	0.2
Cash Taxes	-0.7	-0.8	-1.2	-1.7
<b>OpFCF a.t.</b>	<b>1.1</b>	<b>2.9</b>	<b>2.4</b>	<b>3.8</b>
Capital Injections	0.0	0.0	0.0	0.0
Other Op. Items (incl. Fin. Inv & IFRS 16)	-2.0	-6.3	0.0	0.0
Net Financial Charges	0.0	-0.1	0.2	0.1
<b>Net Cash generated</b>	<b>-0.9</b>	<b>-3.5</b>	<b>2.6</b>	<b>3.9</b>

Source: MailUp (historical figures), Value Track (forecasts)

## Valuation Update

Taking into account revised 2019E-21E forecasts on the one side and the in-depth analysis performed on BEE and Datatrics on the other one we revise upwards our **fair equity value per share to €5.50 on a fully diluted basis** (i.e. assuming 1.27mn shares to be issued for Datatrics earnout).

Our valuation is the result of a Sum-of-the-Parts model, fuelled by the following assumptions:

- ◆ **MailUp Spa** – an unchanged EV/Sales multiples for MailUp business unit (1.5x), together with an EV/EBITDA (10.0x) still below Dotdigital (by far the most comparable company) current multiples, who recently undergone a significant share price performance, also supported by a strong organic growth in 1H20 ended as of Dec'19;
- ◆ **Agile Telecom** – a slightly lower EV/Sales multiple (0.9x) for Agile Telecom, combined with an EV/EBITDA multiple at 8.0x, which definitely match the industrial profitability resulting from the light capital structure characterized by low capex requirements to sustain business development (i.e. EBITDA mirrors to OpFCF);
- ◆ **Acumbamail** – a lower EV/Sales multiple for Acumbamail (2.0x) averaged by an EV/EBITDA multiple (10.0x), aligned to MailUp business unit;
- ◆ **BEE** – we assume the equity value to be consistent with our “base case” scenario coming from the user-based valuation, which corresponds an EV/Sales at 3.5x, although we are aware that an increase in life time value would lead the valuation upwards (i.e. a 28% growth in life time, would imply 45% increase in valuation);
- ◆ **Datatrics** – similar to BEE, we assume the user-based as the most appropriate valuation metric, which delivers an implied EV/Sales of 3.6x in the base case, to increase up to 4.6x in our best case;
- ◆ **Unallocated corporate costs** – even if the group is adopting a new internal accounting policy, with holding costs directly allocated pro-quota to single business unit, we assume some unallocated €1mn costs related to MailUp Spa, Agile Telecom and Acumbamail BUs.

We underline that at fair value MailUp shares would trade in line with **small-medium sized “digital” companies listed on AIM Italia stock market** while as always, the discount vs. International marketing technology providers would remain massive.

### MailUp Group: Sum-of-the-Parts valuation

Company	Stake (%)	EV (€mn)	EV (%)	Valuation Method
MailUp SpA	100%	23.8	24.8%	1.5x EV/Sales '20 - 10.0x EV/EBITDA '20
Agile Telecom	100%	34.4	35.8%	0.9x EV/Sales '20 - 8.0x EV/EBITDA '20
Acumbamail	100%	3.3	3.4%	2.0x EV/Sales '20 - 10.0x EV/EBITDA '20
BEE	100%	18.3	19.1%	User-based valuation
Datatrics	100%	16.3	17.0%	User-based valuation
<b>Gross Asset Value</b>		<b>96.2</b>	<b>100.0%</b>	
Group Net Cash Position '20PF (*)		2.1		
€1mn Unallocated holding costs @10.4% WACC		-9.6		
<b>Net Asset Value</b>		<b>88.7</b>		
Number of shares fully diluted		16.2		
<b>Fair equity value per share</b>		<b>5.50</b>		

Source: Value Track Analysis

(\*) Pro-Forma to take into account the entire cash out for Datatrics

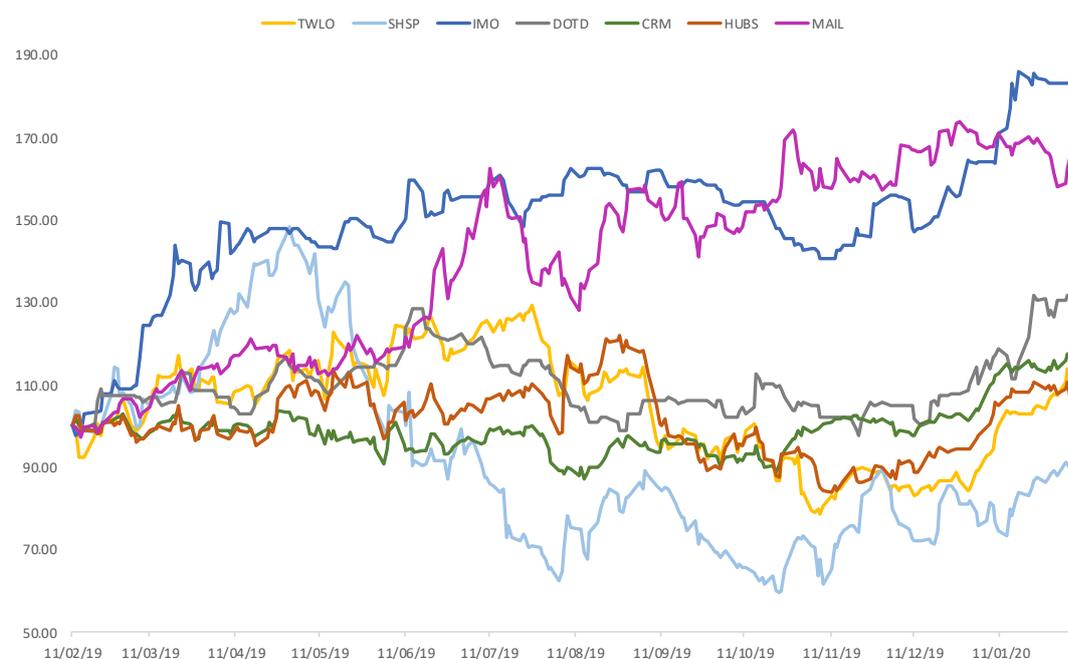
## Appendix: Peers Analysis

### MailUp: Peers' stock trading multiples

Company	EV / Sales (x)		EV / EBITDA (x)	
	FY1	FY2	FY1	FY2
<b>International industry players</b>				
HubSpot	10.5	8.4	nm	nm
Dotdigital	6.3	5.4	18.0	15.3
Salesforce	9.3	7.4	nm	26.0
Sharpspring	5.7	4.5	nm	nm
Twilio	10.3	8.1	nm	nm
IMimobile	1.8	1.5	14.3	11.5
<b>Median</b>	<b>7.8</b>	<b>6.4</b>	<b>16.2</b>	<b>15.3</b>
<b>Average</b>	<b>7.3</b>	<b>5.9</b>	<b>16.2</b>	<b>17.6</b>
<b>AIM Italia digital industry players</b>				
DHH	1.3	1.1	17.1	9.1
AMM Group	1.0	0.6	5.8	3.0
Maps Group	1.5	1.2	7.5	5.4
Neosperience	3.4	2.3	12.3	9.1
Cyberoo	4.8	3.4	13.8	8.7
Expert System	3.5	3.2	22.0	17.2
<b>Median</b>	<b>2.6</b>	<b>2.0</b>	<b>13.1</b>	<b>8.7</b>
<b>Average</b>	<b>2.4</b>	<b>1.7</b>	<b>13.1</b>	<b>8.9</b>

Source: Capital IQ, Value Track Analysis

### MailUp: 1 year peers' stock performance



Source: Capital IQ, Value Track Analysis

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